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EXPLORING THE EFFECTS OF THE PSYCHOLOGICAL CONTRACT ON ORGANISATIONAL COMMITMENT AND EMPLOYEE ENGAGEMENT IN A RESTRUCTURED ORGANISATIONAL ENVIRONMENT: THE CASE OF SELECTED HOSPITALS IN THE EASTERN CAPE PROVINCE

by

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Declaration

I, Phakama Phumla B Stofile, (Student Number: 9753338) declare that this research on "Exploring the effects of the psychological contract on organisational commitment and employee engagement in a restructured organisational environment: The case of selected hospitals in the Eastern Cape Province" is a result of my own work. It has not been submitted for any degree purposes or examinations to any other university. All sources that I have used have been clearly acknowledged by the proper manner of referencing. This research is being submitted in partial fulfillment of the requirements for the degree of Master of Commerce in Industrial Psychology at the University of Fort Hare.

I also hereby declare that I am fully aware of the University of Fort Hare's policy on plagiarism and I have taken every precaution to comply with these regulations. I have obtained an ethical clearance certificate from the university of Fort Hare's research ethics committee and my reference number is MUR021SST001.

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Signature

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Date

ACKNOWLEDGEMENTS

Dedication

I dedicate this dissertation to my family, my husband (Nceba Stofile), daughter (Rosa), son (Ndamase), beloved parents, dear sister (Bulelwa) and my brother (Melikhaya) with great heartfelt appreciation and gratitude.

Abstract

This study investigated the impact of organisation restructuring on the psychological contract and the effects on employee engagement and organisational commitment. The study focused on employees from selected health care institutions. The sample consisted of 156 employees from the selected health care institutions. Results indicated positive relationships between employee engagement, psychological contract and organisational commitment. The researcher recommended a better understanding of the manner in which individuals interpret various inducements where would clearer prescriptions be provided. Therefore, employers were advised to be aware of employees' values and attempt to address them as they are important.

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List of acronyms

ACRONYM	FULL NAME
ECDOH	Eastern Cape Department of Health
HR	Human Resources Department
OCQ	Organizational Commitment Questionnaire
PCI	Psychological Contract Inventory
RSDP	Rationalized Service Delivery Platform
UFH	University of Fort Hare

CHAPTER ONE

INTRODUCTION AND BACKGROUND TO THE STUDY

1.1 Introduction

Cummings and Worley (2009) noted that the global economic climate and environmental changes taking place require organizations to continually restructure themselves. For organizations to remain competitive, their structures must be leaner and more flexible. The public service sector in South Africa has not been spared by the changes that are continually taking place. This has put pressure on public service organizations to improve service delivery processes (Jooste, 2004). Willems, Janvier and Henderick (2004), argue that the public service is under immense pressure to improve its performance. Expectations of delivery of customer-oriented and high quality services from the public sector can be justified. This has prompted the introduction of private sector initiatives in the public sector. These changes may be with a profound bearing to the nature of the employer-employee association. Leo and Teo (2005) further argue that restructuring initiatives affect the psychological well-being of employees, as well. This also impacts upon the employees' sense of engagement and commitment within organisations.

Coyle-Shapiro and Kessler (2003) argue that public sector organizations have been forced to acknowledge the impact of global changes on organizational existence and the employment relationship. Holbeche (2006) attributes pressures for continuous organizational change to increased global competition, changing socio-economic environments and changing customer profiles. Jooste (2004) further argues that there are other social factors such as hunger, poverty and technological advances that affect

the health care system. Ramasodi (2010), advances that medical technology pressurizes the healthcare industry to seek human capital with the necessary competencies. This scenario impacts on service delivery and forces the health care system to transform itself. Therefore, the Eastern Cape Department of Health (ECDoH vs ECDoH) has felt these changes as well and this resulted in the adoption of the Rationalized Service Delivery Platform (RSDP). According to the National Department of Health (2010b), a new service delivery model, as specified in the RSDP, must be adopted by the Department. Jooste & Jasper (2012), argue that the implementation of new service delivery model will ensure a smooth transition towards healthcare prevention rather than curative services.

This research sought to examine the impact of organizational restructuring process on the employees' view of the psychological contract and the effects onorganizational commitment and employee engagement due to the restructuring process that had taken place in the health care system (hospitals)

1.2 STATEMENT OF THE PROBLEM

Literature (Swanson & Power, 2001; Bellou 2007) indicates that the failure of several organizational change strategies could be due to resistance towards the change and this could result in reduced levels of organizational commitment. These studies have shown that organizational restructuring and change often lead to a perceived increase in occupational stress and negatively affect the psychological well-being of employees. Probst (2005); Guest and Conway (2004) further argue that organizational restructuring may contribute to employees experiencing reduced levels of job security, organizational commitment and psychological well-being. Organizational change has forced organizations to change internally first through restructuring. These changes then led to the modification of the important role played by the psychological contract

in the nature of the employment relationship (CIPD, 2005). This modification has caused the terms of the employment relationship to be renegotiated and adjusted accordingly. Schalk and Rousseau (2001); Guest and Conway (2002) indicate that during periods of organizational restructuring, employees will perceive a decline in the fulfilment of employer obligations. This is also dependent upon their application and definition of the psychological contract. In the employer and employee association, the psychological contract is attributed to account for the supposed promises which personnel believe the employer makes to employees.

It then becomes clear that the understanding and definition of the psychological contract is necessary (Guest & Conway, 2002). It is also important to understand how organizational restructuring affects the nature of the employment relationship within the Eastern Cape Department of Health, and the effects on employee engagement and organisation commitment.

Increased demands for affordable and accessible healthcare have necessitated changes to the national service delivery model (National Department of Health, 2010b). To ensure that the Eastern Cape Department of Health can offer affordable and accessible healthcare services to the communities, it embarked on a process to revitalize itself and developed the ECDoH vs ECDoH HR Turnaround Plan. This has been achieved through the national service delivery model (National Health Care Act, 2003). The aim is to revitalize Primary Health Care. Rationalized healthcare services will then be accessible and affordable. Such an exercise requires that the department also focus on the human resources implications to fulfil its objectives. Therefore, certain functions have to be decentralized to the districts whilst Head Office must remain lean and focus on policy formulation, implementation and monitoring. The current organizational structure must be re-aligned to suit envisaged future needs of

the department. A majority of the studies conducted on organizational restructuring and the psychological contract did not focus on the public sector. According to Coyle-Shapiro and Kessler (2003), the focus for the majority of the studies was rather the notion of motivation for government employees and changes in motivation levels for public and private sector employees. Therefore, the focus of this study was on a public organization - selected hospitals in the Eastern Cape Province.   Leo and Teo (2005) have already alluded to the social-psychological impact of organizational restructuring on employee well-being as invoking a degree of uncertainty amongst employees. Brand and Wilson (2000) further state that the organizational restructuring processes do not impact on employees' perception the relationship with the employer. Therefore, a need exists on exploring the effects of employer restructuring to the employment relationship especially in the light of potential negative consequences for the work environment. Restructuring may contribute to the employees to experience insecurities in their job. This will ultimately as shown in literature will also influence employee well-being. The relationship between the employee and the work is crucial. It will be strongly influenced by the rewards that the employee obtains. However, the impact of the restructuring will implicate both involved parties.

The present study focused on the impact of the psychological contract (as a result of restructuring) on employee engagement and organisational commitment.

1.3 RESEARCH OBJECTIVES

The study sought to:

➤ Determine the effects of the psychological contract on organizational commitment in restructured organisations.

➢ Determine the effects of the psychological contract on employee engagement in a restructured organisation.

➢ Make recommendations to the management of public service organizations to the impact of the psychological contract on worker engagement and organisational commitment after restructuring.

1.4 RESEARCH HYPOTHESES

Hypothesis 1

H_O: There is no statistically significant relationship between the psychological contract and organisation commitment.

H_1: There is a statistically significant relationship between the psychological contract and organisation commitment.

Hypothesis 2

H_O: There is no statistically significant relationship between psychological contract and employee engagement.

H_2: There is statistically a significant relationship between psychological contract and employee engagement.

1.5 SIGNIFICANCE OF THE STUDY

Organizational restructuring strategies contribute to improved service delivery. Public health care institutions face numerous challenges and the study was deemed important as it attempts to identify ways in which the public health care institutions in the Eastern Cape can utilize relevant organizational restructuring strategies to keep a committed and engaged workforce. Literature supports (Coyle-Shapiro and Kessler (2003); Guest and Conway, 2001b) organizational restructuring strategies in public improve service delivery, and this can be attained only if the state of the psychological

contract is intact. A breach of the psychological contract negatively affects organizational commitment and engagement. Gakovic and Tetrick (2003) cement the organizational restructuring impacts the psychological well-being of employees and may lead to views of psychological contract breach. In light of improved service delivery and to avert the misgivings that may arise from restructuring, the researcher sought to investigate the state of the psychological contract so as to make the relevant changes required. The findings of the study contributed to available literature on organizational restructuring in the public sector. They provided best practices to be followed should other government departments wish to embark on an organizational restructuring exercise.

1.6 LIMITATIONS OF THE STUDY

The proposed limitations of the study are the following:

- The research instrument which was utilized is a self-reporting tool. Therefore, it is subject to the perceptions of the population to be sampled.

- The sample comprised only selected employees working for the Eastern Cape Department of Health. Therefore, the results may not be generalized for the entire department as other hospitals affected by the restructuring process did not participate in the study.

- The two hospitals are based in Buffalo City Metro and Nkonkobe sub-district which are in a suburban and rural area respectively and presenting with different circumstances. These different settings may have an influence on the variables to be investigated.

- The timeframe set for the study may also influence the outcome of the study.

1.7 ETHICAL CONSIDERATIONS

Ethical considerations have to be taken into account when conducting research that involves human participants. The principles of the Helsinki Declaration and Belmont Report were also considered regarding the ethical principles of research. Both the Helsinki Declaration (1967) and Belmont Report (1979) were developed in in an effort to protect humans participating as subjects in research experiments.

The Helsinki Report was developed primarily for physicians who are engaged in medical research involving human subjects. However, others researchers who are also involved in research experiments involving humans as subjects are encouraged to adopt its principles too. On the other hand, the Belmont Report provides the principal ideologies underlying ethical research with humans such as respect for persons, beneficence and justice (Helsinki Declaration, 2004; Belmont 1979). Both documents agree that respect will be given to the individual through informed consent.

Informed consent provides for voluntary participation once the research participants have been given all the necessary information.   They were also informed that the information sought is for both academic purposes and for organizational improvement. Secondly, both reports take into account the issue of beneficence. The research participants were made aware of the risks and benefits associated with participating in the research. The research maximized potential benefits and minimized potential risks. Thirdly, these reports also encourage that fair procedures are used to select research participants.

Participants in this research were given consent forms to sign indicating their willingness to participate in the research. These consent forms also guaranteed anonymity and confidentiality. Anonymity and confidentiality is crucial in this process

as this is sensitive process for the organization. Both documents also purport that the privacy of the research subjects must be protected so not as to compromise any social integrity, physical and mental.

Furthermore, the Helsinki Report states that scientific enquiry concerning human subjects must describe its design and performance in the research protocol to be followed. This was taken into account prior to conducting the research as approval had to be obtained from the Eastern Cape Department of Health. The research proposal, which included the background and scope of the study, objectives/aims and the research methodology were submitted to the Directorate: Epidemiology and Surveillance Research. The research proposal was also submitted to the UFH Research Ethics Committee for approval as the study cannot commence without the necessary approval.

1.8 OUTLINE OF THE STUDY

The study consists of five chapters which will be represented as follows:

Chapter one provides an outline of the entire research project. It covers the scientific background that led to the motivation for the proposal. It also provides the problem statement, objectives and scope of the research.

Chapter two focuses on the literature review. It presents the theoretical considerations and description of the key issues identified in the first chapter.

Chapter three considers the research methodology that was used in the study. It provides an outline of the research design and research instruments utilized in the study.

Chapter four presents the results of the research. They are presented in table format and also discussed. Frequency tables as part of descriptive statistics were presented to outline the final conclusion of the research hypothesis.

Chapter five discusses the overview of the findings, provides recommendations, research limitations and concluding remarks.

CHAPTER 2

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

Chapter one consisted of an introduction on the issues to be investigated. This chapter provides empirical evidence in relation to previous studies pertaining to the impact of organisational restructuring on employee psychological contract, engagement and commitment. Relevant literature is consulted to explore the objectives of the study in order to arrive at a consolidated academic view in research focus. The theories that were seen to influence the variables under investigation were the social exchange theory and McGregor theory Y.

2.2 THEORETICAL PERSPECTIVES

The study looked into the effects of organizational restructuring on the employee commitment, engagement and psychological contract. Therefore, an analysis of the theoretical perspectives of these constructs had to be provided. Undoubtedly, restructuring has two sides, namely the negative and the positive to the employees' psychological contract, engagement and commitment. This is elaborated further in relation to the theoretical perspectives of Social Exchange and McGregor's Theory Y.

2.2.1 Social Exchange Theory

Social Exchange theory is based on the premise that individuals enter into meaningful relationships and there are exchanges taking place. Under this theory, employees reciprocate and behave in positive and beneficial ways (Michael, Guo, Wiedenbeck, & Ray, 2006; Ladd et al., 2010). Studies into exchange relationships in work organizations have generally focused on the concept of reciprocity (Hlatywayo 2012).

These changes generate obligations from the parties involved, namely the organization and the employee. These exchanges involve resources such as money, time and information. Money is the reward to the information, time and the services that is rendered by the employee. In this process one should take note that due to the relationship one will be psychologically attached and will also be constantly engaging. According to Setton, Bennett & Liden (1996), these mutual exchanges are important for the maintenance of the relationship.

Personnel prospects and the longing to belong have changed with time and such changes impact organisations. This results in a gradually compound and challenging place of work with an environment that attracts and retains talent (Ladd et al. 2010).

Most interest is traced to the increase in results of studies from literature showing that management commitment is crucial in the development of safety climate perceptions among employees. Social exchange theory postulates that means or positive treatment acknowledged from fellow companions have a great chance of being valued when workmates have faith in them to be founded on unrestricted action instead of detailed mandates or external wants (De Joy et al. 2010).

This is further supported by Molm (2003) who aver that to maintain a balance in these relationships, the principle of reciprocity is vital. During this exchange process the benefits to be gained have to be maximized to outweigh the costs. If the benefits outweigh the costs, then the relationship is positive and mutually beneficial to both parties. Cropanzano and Mitchell (2005), also state that the rules of exchange guide and determine the relationship between the two parties involved. The elements of social exchange such as trust, loyalty and mutual commitment form the basis of the relationship. There is a Social Exchange Theory (SET) Model developed by Shore,

Tetrick, Taylor, Coyle-Shapiro, Liden and McLean-Parks (2004) which states that the employment relationship may bring about interpersonal acquaintances often called social exchange relationships. These relationships evolve over time and the principle of reciprocity takes place in them as well. Both parties are expected to fulfil certain obligations to each other. The process of mutual exchanges between the two parties does imply that a psychological contract exists.

According to Millward and Brewerton (2000), both the psychological contract and Social Exchange Theory involve relationships between two parties that are characterized by mutual exchanges. Therefore, they also share the same common elements. Coyle-Shapiro and Parzefall (2008) also argue that each party brings their own set of expectations and obligations to the relationship which they expect to be fulfilled.

The social exchange is categorised under 5 categories by Searle, (1990;65).

- *Behaviour is predicated upon the notion of rationality.*

- *Relationship is based on reciprocation.*

- *Social exchange is based on a justice principle.*

- *Individuals will seek to maximize their gains and minimize their costs in the exchange relation.*

- *Participate in a relationship from a sense of mutual benefit rather than coercion.*

It is of paramount importance to note the essence of the theory in relation to the objectives of this study itself and the implications of the psychological aspects in restructuring. This begs the questions that in case of the restructuring what exactly has to happen, who exactly should be affected and how does it affect commitment and

engagement with both parties involved. Relevant theories give a scientific backing make finding of the study relevant if they are premised on them.

2.2.2 McGregor's Theory Y

According to Mahomed and Nor (2013) there are two general approaches to management, Theory X and Y. Theory Y is regarded as the democratic management style that produces positive results and allows employees to grow and develop. Its relationship to the psychological contract is that in Theory Y managers subscribe more in the participative style of management than Theory X managers. It is also perceived that such managers have established good relationships with the employees and understand the notion of ensuring that both parties have their obligations met. These managers also understand that the essence of obtaining and maintaining good employment relationships is the basis of a positive psychological contract. This is important for positive organizational performance (CIPD, 2005). Such managers also appreciate the role they have to play in assuring employees when organizational changes are taking place. They provide the necessary support and enlighten reasons for change to employees and to prepare them accordingly.

This theory adopts a different approach to Theory X. This theory involves a democratic management style that assumes people can take responsibility for them and are committed to achieving organizational goals and also their own. The role of management in this regard is maximizing this commitment. According to Hindle (2003) such managers believe that employees are very creative when there is more confidence and accountability given to them. Atkinson & Butcher (2003) note trust as the central element to building and maintaining a positive psychological contract. The employee will always seek ways to be productive and accept more responsibilities if

management allows them to do so. This theory also purports the healthy relationship that management and employees need to have.

2.2.3 Theory synthesis

In essence these two theories seem to complement each other due to the fact that it has the consent of the relationship between the employee and the organization. However, this study explores the impact when the organization restructures focusing on the negativity or positivity to the psychological contract, engagement and commitment. There is a need to define the above terms and then explore the impact for any termination implied by the restructuring. At the same time the process and the motives behind the restructuring should also be considered to obtain a consolidated opinion involved in a cost benefit relationship.

2.3 Definition of terms

This section defines the core terms of the study as determined by the researcher.

2.3.1 Organizational Restructuring

Organizational restructuring always poses a major challenge to all organizations. Numerous documents and discussion items are available on organizational restructuring. Cascio (2002) defines organizational restructuring as deliberate alterations to an institution structure which will distress its persons, systems and processes. In this case the people whom are referred to are the employees, the systems and processes in the organization itself. Blau, 1964is credited for the focus on the social exchange and the incentives-assistances model (March & Simon, 1958). The purpose was to assist with a theoretical foundation on exploring the employment parties (employer and employee) standpoints to the exchange. There are numerous sentiments to the social exchange theory, but consensus exists from scholars on that

social exchange revolves around interactions that create obligations which require reciprocation (Cropanzano & Mitchell, 2005).

The theory (social exchange) is grounded by three fundamental aspects essential to it: reciprocity, relationship and exchange. The exchange relationship commences when one party gives an advantage to another. When a recipient counters, and then only does a sequence of reimbursements exchanges happen, this crafts a frame of reciprocal obligation amongst the respondents. With time, the association is mostly characterized as one where the exchange associates trust each other to reciprocate benefits expected.

Littler and Innes (2004) and Doelgast (2007) state that since the 1990's organizations have been downsizing and shedding layers of hierarchy. This led to the non-value adding sections of organizations to be outsourced. Organizations had to learn to adapt to changing product and labour markets and new processes in production. This led to lack of trust in organizational management. Organizational restructuring may result in tension amongst employees. Employees become concerned about the future and others start to look for employment elsewhere.

Literature by Fleming & Spicer (2004) and Thomas & Linstead (2002) have identified that organizational restructuring may challenge the legitimacy of organizational members who may have to find new identities and roles within the organization. This may end up affecting the employer-employee relationship. During times of organizational restructuring, employees often lose trust in the employer. This often results in those employees that are not in jeopardy of losing their jobs leaving the organization. Skilled and valuable employees often leave the organization because they face the same insecurities as their under-qualified and less skilled counterparts.

This results in high turnover whilst productivity and morale are diminishing. Organizational restructuring often causes a decrease in employee morale and loyalty, especially when mismanaged and creates a lot of misinformation. This misinformation often engenders fear and mistrust in management if it is not properly managed. This also may impact negatively to the psychological contract as trust is one of its key elements. The potential of negatively affecting employee engagement and commitment towards the organization is increased.

2.3.1.1 Restructuring strategies

Restructuring strategies are implemented in various ways and are due to various challenges within the organization, namely economic, social and environmental changes. For instance, IBM a world-known computer technology and services company, had about 405, 000 employees in the year 1985 and by 1992 this had negatively impacted on the business as the company incurred a loss of about $ 5 billion. However, as a way of downsizing the company embarked on a series of restructuring and cutting of its workforce resulting in 219,207 employees. This was to reduce the resource utilization (Lin, Lee and Gibbs 2008; 1). However, a question can be posed on the effectiveness of the restructuring strategy they implemented on the effect to the company and to the employees.

To support the notion of downsizing it is said that, "the management often cites operational restructuring as necessary for improving efficiency, controlling costs, and coping with the changing business environment" (Lin, Lee & Gibbs 2008; 1). Even though, this seems to have had a positive benefit to the company, on the other hand, there seemed to be a bias as it only focused on the company but marginalizes the relationship between the worker and the employer. Therefore, this highlights the effects of restructuring on the psychological contract, engagement and commitment.

In addressing the question of the employee relationship undoubtedly it is said that, "while some restructuring are able to establish firms to become more efficient and assume a competitive position, others may cause organizational disruption, unsettle a business, and create uncertainty about future operating earnings and cash flow." (Lin, Lee and Gibbs 2008: 1).

Lin, Lee and Gibbs 2008:4 also purport that, "for a firm that incurs losses, cost control is often the first step to retain to profitability. Slashing labour cost, production cost, and research and development expenditures and financing cost are common measures corporate restructuring." Thus, meaning that the restructuring has negative implications to the employees as they will be retrenched so as to accommodate or rather cut the cost of the company. At the same time it+ is paramount to note that if the restructuring cannot be done ultimately the business will collapse. This will not affect the company only but even those employees who were going to be attracted or rather accommodated after the restructuring.

2.3.1.2 Forms of restructuring

It is of great importance to highlight various forms of organizational restructuring. According to the European Monitoring Centre on Change 2011, there are about seven forms. Relocation is one of the forms whereby the company will relocate but doing the same business in the same country. Secondly, offshoring or delocalization, that is whereby the organization will relocate outside the borders of the current country. Subcontracting is the third form of outsourcing used by organisations to organisations within the same borders. The forth type is closure due to bankruptcy whereby the organization will close the industrial site. This might be due to economic factors which is not directly linked to relocation or outsourcing.

Furthermore, there is another type which is merging or acquisition whereby two companies merge or when a company is undertaking acquisitions which involve an internal restructuring program. There is also another form where internal restructuring will be taking place but in this case the organization will be embarking on downsizing which is job-cutting plan. Lastly, there is the business expansion whereby the company will be extending and will be hiring new workforce as argued in the European Monitoring Centre on Change, 2011. The former seem to be different from the other forms as the first six have implications to employee commitments and psychological contract. Therefore, empirical evidence will be gathered to credit or discredit such organizational restructuring.

2.3.2 Organizational Commitment

Bearing in mind the above mentioned forms of restructuring one could therefore evaluate organizational commitment which has direct effect on any such restructuring. Swanson and Power, (2001); Bellou (2007) indicates that the failure of several organizational change "restructuring" strategies could be due to resistance towards the change and this could result in reduced levels of organizational commitment. This undoubtedly will also affect the commitment of the employees. This would impact negatively or positively on both parties. This will be further discussed later. The underlying factor here is that organisational commitment to change has implications for restructuring, and as well as psychological contract of the employees.

Organisational commitment is perceived as the psychological attachment felt by the employee towards the organisation. Organisational commitment is centred on a strong belief in and recognition of organisation's aims, standards and preparedness to apply significant effort on behalf of the organisation (Allen and Meyer, 1990). *Meyer*, Stanley, Herscovitch and Topolnytsky (2002) and McElroy (2012) who also view

organisational commitment as reflecting the psychological attachment of employees to their respective organisations. The employees form a bond with the organization which results in the employee's willingness not change organizations and exert more effort in the execution of daily tasks. Dependability to an organization is also an important characteristic of organizational commitment (Cohen, 2007; Robin, Odendaal and Roodt, 2011). Psychological agreements consist of the hidden and open "promises" workers to deem their institutiton has made to them (McFarlane & Tetrick, 1994; Morrison & Robinson, 1997). This is precisely on the basis of the cost benefit between the organisation and the employee which is a contract or agreement.

Allen and Meyer (1990) argue that organisational commitment consists of three factors namely; affective, normative and continuance commitment. This is also supported by McFarlane & Tetrick, (1994); Morrison & Robinson, (1997) who identified the same three components of organizational commitment. These are discussed briefly below.

Affective

Affective Commitment reflects commitment based on emotional ties the employee develops with the organization primarily through positive work experiences (Allen and Meyer, 1990). However, in the restructuring it is however disturbed and therefore poses a concern to the psychological contract, engagement and the commitment of the employee. Affective commitment describes an individual's desire to stay with the organization given her/his emotional attachment to, and identification with the organization (Meyer & Allen, 1984, 1991). Taking into cognisance the impact of the organisational restructuring this has more to do with the economical and geographical location. Restructuring tend to vehemently affect these two areas.

Continuance

Continuance Commitment reflects commitment based on the perceived costs, both economic and social, of leaving the organization (Allen and Meyer, 1990). This refers to the type of commitment that is cost-based or calculative. The employee weighs the losses to be incurred should they leave the organization versus the benefits of staying. Perryer et al. (2010, 913) define continuance commitment based on the perception that an employee has no realistic choice or viable alternatives other than to remain with the organization. On the other hand Seppänen, (2012) proffers that Continuance commitment develops based on personal investment (employee's job skills and lack of alternatives).

When employees develop emotional attachment and achieve personal investment they show continuance commitment (Chien-Hung & Wen-Cheng, 2012). Employees' commitment to the organisation because of ethical standards or social norms is called normative commitment. Organisational commitment is the strongest motivator that affects persons' intentions to perform well, increase his efficiency, and improves skills (Ferreira, Basson & Coetzee, 2010). However, most scholars recognise that organisational commitment is loyalty to the organization (Wu et al., 2006). Sayğan (2011) argues that continuance commitment is the willingness to remain within the organisation due to the high cost of quitting and the advantages of staying.

According to Meyer (2009), employees with a strong continuance commitment will remain with an organisation because of the perceived losses should they opt to leave. Sollinger, et al, 2008 further states that such individuals commit to social roles after weighing the costs and rewards associated with these roles. This means that if the organisation is not committed to change in which the economy and the social spheres are ever changing there will be no satisfaction to the employee. However, Chelladurai (2006) and Cohen (2007) argues such employees cannot be relied upon to make a meaningful contribution to the organization. McMahon (2007) in his findings discovered that employees with continuance commitment often display characteristics of poor performance, dysfunctional behaviours and poor citizenship behaviours which can be damaging to the organization. When employees develop emotional attachment and achieve personal investment they show continuance commitment (Chien-Hung &

Wen-Cheng, 2012). Employees' commitment to the organisation because of ethical standards or social norms is called normative commitment. Organisational commitment is the strongest motivator that affects persons' intentions to perform well, increase his efficiency, and improves skills (Ferreira, Basson & Coetzee, 2010). However, most scholars recognise that organisational commitment is loyalty to the organization (Wu et al., 2006). Sayğan (2011) argues that continuance commitment is the willingness to remain within the organisation due to the high cost of quitting and the advantages of staying.

Normative

Normative Commitment mirrors commitment founded on supposed obligation towards the organization, for example rooted in the norms of reciprocity (Allen and Meyer, 1990). This advocates for the standards in the business arena as competitive and efficiency. This will positively contribute to certainty and assurance to the employee as reciprocity is a cost benefit mutual relationship between the company and the employee. Normative Commitment reduces employee' compulsory feelings towards collaborators or management; under this commitment type, people stay because they think they have an obligation to perform (Ahmadi & Avajian, 2011).

Meyer and Herscovitch (2001, 311) contend that commitments is inclusive of 'behavioural terms' that describe the schedules obligation imply. Such terms are usually in the form of principal and unrestricted behaviour. Focal behaviour is alleged to be essential to the notion of commitment to an individual, these three mind-sets forecast on behaviour. Such behaviour binds individuals to commitment. Taking for instance organizational commitment, the focal behaviour is hypothesised to maintain affiliation to an organization.

Inversely, unrestricted actions are voluntary as the employee requires some flexibility is essential the behavioural terms of his commitment. Other thoughts may predict such actions as others do not. Meyer and Herscovitch (2001) contend that dissimilar

behavioural standings must be included in the definition, depending on the nature of behaviour the researcher is trying to predict.

Meyer *et al*. (2006) noted that commitment is characterised by cognitive and affective elements. Cognitive rudiments are the behavioural terms and the basis of the commitment, and the affective element has feelings a specific attitude invokes (pride and/or guilt). Combining such elements forms a basic structure of an organizational commitment scale item must be technically sound to include

(a) Specific mind-set, either affective, normative, or continuance;

(b) Target of commitment, in this case the organization;

(c) Behaviour to be predicted, such as remaining a member of the organization;

(d) Affect, with cognitions being captured by the mind-set and behavioural terms.

As noted from literature, Organisational commitment is valuable as it maintains employee membership to the organisation. This can be understood in the continuance commitment as mentioned above. In support to that Meyer and Herscovitch (2001) suggest commitment as "a force that binds an individual to a course of action of relevance to one or more targets". It is rooted in the organisational commitment that positively impact on the engagement and commitment of the employee. It is essential to note that in any case where there are one or more targets this has psychological impact which therefore will either affect the employee positively or negatively. Precisely on the basis of the organisational restructuring and commitment this has a direct impact on how the employee will perform his or her duties. Meyer et al, (2002) support of the model of commitment it is said that many researchers have used it to forecast significant employee outcomes, such as job performance, turnover absenteeism, citizenship behaviours, and tardiness.

The commitment of the organisation can also be understood within the inducements-contributions model (March & Simon, 1958) who viewed occupation interchange as one in which employers offers incentives in exchange for staff contributions. One tends to be satisfied when differences exist between incentives presented by the employer and the contributions reciprocated. Therefore, this speaks of the commitment of the organisation to the employee. However, from an employer's standpoint, employee contributions must be adequate to the employer so as to create incentives from the organization, these needs to be attractive enough to cause employee participation.

Classical scholars content the nature of the exchange relationship to be characterised by continuity but independent upon an ones observed greater disparity to the employer requirements for inducements (March &Simon, 1958). Thus, the inducements-contributions model is based on a reciprocal exchange between an employee's contribution and the organization's inducements. Undoubtedly, this has an impact on the relationship between the employee and the work which therefore will determine the contract, the engagement and the commitment of that individual employee. On the same note one must take into consideration that restructuring according to Cascio (2003) is planned changes to an organization's structure which will affect its people, systems and processes.

In other words, inducements can be conceptualised as the rewards received by the employee in exchange for hard work, loyalty and commitment. A person with a high level of commitment is likely to see himself or herself as a true member of the organisation. The individual will overlook sources of dissatisfaction with the organisation and see him or herself remaining a member of the organisation. Any

organizational restructuring strategy chosen may have an impact on the employees' organizational commitment. There could be a shift in the level of commitment to the employer.

2.3.3 Employee Engagement

Shuck and Wollard (2010) define employee engagement as an individual employee's cognitive, emotional and behavioural state that is directed towards organizational outcomes. According to Saks (2006), an employee with a deep sense of engagement will exhibit attentiveness and mental absorption in their work and display a deep, emotional connection towards their workplace. That is why according to Macey and Schneider (2008) employee engagement is believed by organizations to be a central source of competitive advantage. It has an ability to solve challenging organizational problems amicably. Literature by Shuck and Wollard (2010) supports the notion that organizations with high levels of employee engagement have positive organizational outcomes. Employees develop an emotional, rational and motivational connection to the organization they work for. Perrin (2003) also purports that employee engagement is affected by both the emotional and rational factors related to work and overall work experience. He further states that it is an employee's willingness and ability to invest personal passion, commitment and willingness in creating a positive organizational performance. It is in the engagement that the employees will be certain and feel secured to develop a trust relationship. This will positively impact on the commitment of the employees to take forward the company in a more effective and efficient manner.

Marks (2007) states it is important to engage the employee to understand the business strategy and ensure that they support organizational transitions. Thus, employee engagement has become a critical concept in the modern organization. Organizational commitment and employee engagement are some of the constructs that have been

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found to be important in the maintenance of the psychological contract. They also play a role in influencing employee perceptions and attitudes towards organizational change.

2.3.4 Psychological contract

Organizational restructuring has been found to have an impact on the psychological contract. The impact is dependent on the employee's perception of the psychological contract. There are several definitions on the psychological contract. Most definitions are aligned with that of Rousseau (1989) who describes the psychological contract as the employee's beliefs about the reciprocal obligations between the employee and employer. Furthermore, theoretical assumptions defined it to be an implicit exchange between the employee and employer on the expectations that they both have. According to Sparrow and Cooper (1998) and Wright and Larwood (1996), the psychological contract is based on presumably shared beliefs. Its main aim is to maintain mutual trust and it constitutes an essential emotional bond. This emotional bond constitutes the relational element of the psychological contract. Tornow and de Meuse (1997) further state that the psychological contract is a primary source of trust, security and legitimacy between the employer and employee. It is critical for the building and maintenance of the psychological contract.

Increased global changes have made the psychological contract to play an important role in the contemporary employment relationship. Studies conducted by Morrison and Robinson (1997) and Rousseau (1998) indicate that the psychological contract is in the mind of the employee. The employee only looks at both economic and emotional considerations. The psychological contract serves as a driver of motivation, career behavior, rewards and commitment.

Morrison and Robinson (1997) and Baker (1985) further argue that the relational element of the psychological contract also ensures that it continuously evolves and undergoes modifications. Therefore, the interactive relationship between the employer and employee will always result in the psychological contract being renegotiated. This also shows that the transactional element of the psychological contract is indefinite and continuous as neither party is aware of what expectations will change during the employment relationship. Organizational changes do not only affect the employment relationship, it also affects the psychological contract. The advent of organizational restructuring has broken down contractual beliefs about the dependability and voluntary nature of long-term relationships. Organizational changes will pose a challenge to managers as employee trust, loyalty and motivation will be eroded. When this happens the employee may view it as breach of the psychological contract. Psychological contract breach is a subjective experience in the mind of one of the parties involved in the contract. When the other party has failed to fulfil its obligations towards the other party, this may be viewed as psychological contract breach (Robinson, 1996). Morrison and Robinson (1997) further outline it as a sentimental and expressive experience of negative sentiments (disappointment, frustration, anger and resentment) which are results of employees' response to a perceived breach of the psychological contract

In relation to the above it is essential to note that restructuring may contribute to the employees to experience insecurities in their job. This will ultimately, in most cases, also affect the well-being of the employees (Probst, 2005; Guest & Conway, 2004). The relationship between the employee and the work is crucial. It will be strongly influenced by the rewards that the employee obtains. However, the impact of the restructuring will implicate both involved parties.

2.4 RELATED EMPIRICAL STUDIES

Related empirical evidence is the knowledge emanating from research that has been conducted on the impact of restructuring to the employee psychological contract, engagement and commitment. The researcher will delve into the relationship of these three aspects; organizational restructuring and the psychological contract, secondly, organizational restructuring and the commitment and thirdly, organizational restructuring and employee engagement.

2.4.1 Organizational Restructuring

According to Swanson & Power (2001), even though organizational restructuring has become an accepted norm in the modern work environment, its processes may have an impact on other organizational issues such employee commitment and engagement. The manner in which the processes are conducted may determine both the positive and negative impact on employees due to their level of commitment and engagement. This is also supported by McKinley & Scherer (2000) and Wilson (2000) who state that employees at different organizational levels may either experience a positive or negative impact of the process. This can be attributed to the employee's level of commitment or engagement. Quinlan (2007) further states that organizational restructuring poses serious risks on employee well-being. In addition to that Lin, Lee and Gibbs (2008) also argue that although restructuring is viewed to have a positive impact on the effectiveness, competiveness and the efficiency of the organization it however, may cause organizational disruptions, unsettlement and uncertainty. This directly affects the mutual trust relationship between the organization and the employee.

Further to that, there is no assurance on how the organization will cope positively in both competitiveness of the industry and also efficiency. This may also have negative health effects and may lead to reduced work performance. Restructuring speaks into the change environment which needs the two parties to adapt and regain the trust and assurance which will enable the employee to commit. Setton, Bennett and Liden (1996) aver that these mutual exchanges are important for the maintenance of the relationship. Therefore, organizations need to conduct a risk assessment before embarking on the process. Probst (2005); Guest and Conway (2004) further argue that organizational restructuring may contribute to employees experiencing reduced levels of job security, organizational commitment and psychological well-being.

2.4.2 Commitment

Steyn and Visagie (2011) & Rego & Cuhna (2008) states that, there is an existing relationship between the affective and normative components of organizational commitment and organizational change. Commitment is "the relative strength of an individual's identification with and involvement in a particular organization" (Mowday et al., 1979, 226). It can be characterized by at least three related dimensions: "a strong belief in and acceptance of the organization's goals and values; a willingness to exert considerable effort on behalf of the organization; and a strong desire to maintain membership in the organization" (Mowday et al., 1979, 226).

It is perceived that employees with high levels of commitment will be more receptive to the changes taking place. This positive reception is attributed to factors such as social norms and the labour market which each employee as an individual experiences differently from others. The perceived benefits of the impeding change such as personal growth and development are taken into account by an individual when

considering the effects of the change. They also stress the crucial role played by an organization in promoting organizational commitment and its consequences to employees. Such employees tend to identify with the organization during time of change and assess the mutual benefits for both parties. This will lead to enhanced organizational performance.

In light with the above, there is a need to look into the positive and negative implications of the employment relationship. According to Probst (2005); Guest and Conway (2004) organizational restructuring may contribute to employees experiencing reduced levels of job security, organizational commitment and psychological well-being. This therefore means that in an employment relationship in which restructuring occurs this may be detrimental to the commitment of the employee. Furthermore, Lin, Lee and Gibbs (2008) also argue that restructuring may cause organizational disruptions, unsettlement and uncertainty.

However, it is important to note that organizational restructuring is essential for the organization to be effective; competitive hence it is necessary for such initiatives to be implemented. Steyn and Visagie (2011); Rego and Cuhna (2008) also argue that to the employee, the perceived benefits of the impeding change such as personal growth and development are taken into account when considering the effects of the change. This therefore, gives a room for the employees to develop and grow within that same environment.

However, another school of thought would like to argue that the relationship between the two is invisible and that there is no relationship between the two. In this school it is believed that the relationship between the organization and the employee is only

about the benefits hence the employee at any given time would look for "greener pastures".

2.4.3 Employee engagement

Employee engagement has been identified as one of the greatest contributors to organizational success. Saks (2006) purports that the principle of reciprocity is not included in employee engagement. Instead, employees who identify the existence of organizational support during times of change will have their engagement levels increased. This improves the quality of the relationship with the employer and the employee attitudes, intentions and behaviours as well. The traditional employment relationship focuses on employee view of human resource (HR) practices are conducted in fostering organization favour employee commitment within an organization (Kinnie, et al., 2005), according scholars profer that it results in organizational citizenship behaviour (Van Dyne et al., 1994; Bowen & Ostroff, 2004). This supports the notion that there is a relationship between the organizational restructuring and the employee engagement. However, the question of whose best interest remains unanswered.

Schuck and Wollard (2010) aver that positive organizational outcomes are associated with high levels of employee engagement. A study by Lee (2012), found employee engagement to be linked to McGregor's Theory Y. Employees who are given increased authority over their work and more responsibilities tended to become more engaged in their work. They become more committed to the organization and improved their performance as well. However, in critiquing the statement one would want to question what will happen to those that are not given increased authority.

From the abovementioned research organizational restructuring and employee engagement goes hand in hand. This means that restructuring will undoubtedly affect employee engagement, positively or negatively.

2.4.4 Psychological Contract

Organizational change has been found to have an impact on the employment relationship. Tromprou, Nikolau and Vakola (2012), purport that the psychological contract provides a background against which the implicit relationship between the employer and the organization is explained. It is regarded as the beliefs held by both parties and based on made promises. During transitional periods, for the employee the perceived change impact is dependent on their past experiences of the process. Lo and Aryee (2003) further state that the level of the individual employee's commitment, engagement and individual employee experiences will determine the level of the impact. The psychological contract contains an element of reciprocity as well as the employee benefits and costs during the organizational change process.

Parzefall and Hakanen (2010), also state that fulfilment of psychological contract obligations will determine the type of impact the change will have on the employee's well-being. When employees perceive that the employer has fulfilled its obligations to them this leads to increased levels of commitment and engagement. Employee commitment and loyalty are optimistically connected with higher level of work performance (Brown, McHardy, McNabb & Karl, Taylor, 2011).

Supposedly speaking, restructuring may and may not have a relationship with the psychological contract. One school of thought would want to articulate that there is relationship between the two. Job satisfaction and organizational commitment of employees have a major impact on the service value that is delivered. The touching

element of commitment was found more significant than job satisfaction in shaping service value of customer-contact employees (Malhotra et al., 2004).

On the other hand, contrary to the above, another school of thought would want to argue that there is no relationship between the two.

2.4.5 Effects of organisational restructuring

Numerous meanings have been brought forward to enlighten on organisational restructuring. Cascio (2002) looks into the term organisational restructuring taking into consideration the "*planned changes in a firm's organisational structure that affect its use of people*". Greenberg and Baron (1995:627), define the term taking into consideration the "altering of size and basic configuration of the organisational chart". The term Organisational restructuring is also looked into as the "fundamental rethinking and radical redesigning of organisational structures, business processes and procedures and functional structures" (bankingindia 2004).

Organisation restructuring is usually accompanied by changes in the workplace. The change can include employee levels of influence weakening (Stevenson, Bartunek Band Borgatti, 2003). Some organisations undertake restructuring as a tool to make them competitive and to be sustainable in a global war of talent (Som, 2002). This can be attributed to the reason why employees view it as a threat as it may render their services, occupations, and competencies redundant.

In such a discussion it is essential to note the effects of organisational restructuring so as to have a consolidated view and as well as empirical evidence of the relationship between the employees and the organisation. The organisation which is being restructured will have implications for the employees who serve in a particular

organisation. To start with one would want to state the following factors which are positive:

Improve profits

Improving profits will be made possible due to the fact that the organisation seeks downsizing which is the reduction on organisational expenditure which ultimately reflect positively on returns.

Refocus efforts on changing markets and strategic directions

Due to the fact that market changes occur quite often due to modern trends, the restructuring process will direct and adjust the efforts so as to be relevant to these changing markets. Byars (1992:163); Stevenson, et al. (2003); Som, (2002) share the sentiment that organisations reorganize during sound and trying times.

Strategic laying-off of staff may be due to internal and external forces among them business expansion of the organisation, consumer base diversity, growth of product lines through acquisitions, or mergers to increase market share. Some reasons to take such actions include: enhancing profitability; boost productivity; gain competitive advantage; and for strategic planning and survival.

Related tasks into organisational units, thus replacing duplication with synergy

 These factors seem to be glowing in favour of the organisation. Zweni (2004) argues that, "downsizing that entails reducing the number of employees needed for the organisation to function effectively, or rightsizing that includes adjusting the number of employees needed to work in newly designed organisations".

Contrary to the above one would like to find out that since there is a relationship between the organisation and the employee what is the impact of restructuring to the employee. Therefore, this requires also looking at the effects on the employee which will therefore elucidate the relationships between the organisation restructuring and the employee.

Greenberg and Baron (1995:627) refer to organisational restructuring as "altering of size and basic configuration of the organisational chart". This moreover means or indicates that there is a downsizing which therefore means that there is retrenchment of some of the employees. As a result, there will be prevalence of unemployment which is a state of joblessness.

Scholars who have looked into the concept of joblessness show that the prosperity and wellbeing of employees is influenced in a number of ways. There are effects (social and cognitive) of unemployment (Alm, 2001). Similar findings concerning the health effects of joblessness have also been reported (Alm, 2001; Korpi, 2001; Nordenmark, 1999).

- Experience of a weakened place leads to lower well-being: increased emotional exhaustion, stress and cynicism, as well as decreased work ability.
- Employees who undergo a change in an organisational ownership experience more job insecurity even five years later compared to those with no such experience.
- Prolonged restructuring "restructuring experienced over at least two years" has a negative impact on the wellbeing. The results are reduced job satisfaction, lower dedication, poorer general health, higher emotional exhaustion and higher

sickness absenteeism. Findings show that employees are not always prepared for restructuring in terms of wellbeing.

2.5 Conclusion

In summation, although the organisational restructuring has positive sentiments but at the same time there are also negative implications to the psychological contract between the organisation and the employee. This study addressed whether the psychological contract affects employee engagement and organisation commitment. The following chapter outlines the research methodology of this study.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

The methodological section plays a pivotal role in research. The methodology stipulates the tools being used, the procedure being followed so as to derive relevant, reliable and valid data in which the objectives of the research can be explored. This chapter comprises of three crucial parts which are: the research design, the method of data collection and the data analysis. The design should complement the research aim. The methods used to gather this data should be reliable, and user friendly so as to avoid distortion of such information. This therefore, has implications for the analysis.

In addition to that it is significant to note that there are guiding principles in every research field. According to United States General Accounting Office 1992 (USGAO) the evaluator or researcher should think about data analysis at four junctures: firstly; when the study is in the design phase, secondly; when detailed plans are being made for data collection, thirdly; after the data are collected, and lastly; as the report is being written and reviewed.

3.2 Research Design

A quantitative, exploratory research design was adopted. This was chosen because quantitative research explains associations between variables. It also involves the discovery and reporting of relationships among different aspects of the phenomenon under investigation for example that variable A causes variable B (Bailey, 2002). Research design forms the bases of any research as it is the yardstick to which the hypothesis is to be explored and proven reliable and valid. Borg and Gall (1989)

contend that careful consideration must be taken in choosing an approach and whether that approach is in line with the objectives and purpose of the research. It is in this light that the research design can be understood as a systematic process of planning and organizing the components that comprise the research study which should include the initial planning, the procedure, the data collection and the analysis respectively.

There are basically three types of methodology which are the qualitative, quantitative and the mixed methods which can be used in any field of research. Qualitative deals with data or rather information which is non-numeric while the quantitative deals with numeric figures, graphs and charts which are set to percentiles. The mixed method; however, encompasses the two methods which are numeric and non-numeric. In these methods, each method has its specification. Thus, the qualitative involves various types of interviews and the quantitative usually focus on the questionnaires. Usually based on the fact that the qualitative method covers a broader spectrum the questions are crafted in a manner that enables both the researcher and the respondents to break a new ground. As contrary to the quantitative one which is rigid and often utilizes has close ended questions which in most cases are to be represented and expressed into numeric value (Amaratunga: 2002; De Vos 2011) .

The researcher however, selected the quantitative research methodology as a closed ended questionnaire will be distributed to the population. According to Leedy and Ormrod (2001); Goodwin (2002) and Babbie (2009), quantitative research is utilized in the social sciences to conduct a systematic empirical investigation of a social phenomenon through the use of statistical, mathematical or computational techniques. A survey research method will be utilized. The general objective of this study is to investigate the effect of organizational restructuring on the psychological contract,

organizational commitment and employee engagement. The chosen research design is more suited to the purpose of the study. The design has various parts which are:

3.3 Population of the study

Goodwin (2002) describes the population as a group of identifiable individuals that will be included in the study. Maunganidze and Latif (2004) share the same sentiments with the above scholar however in their definition they purports that, population as any set of people from which a sample is selected and the results will be drown from them. The study population consisted of 1807(N=1807) administrative and health professionals selected from two hospitals in the Eastern Cape Department of Health. To serve the purpose and objectives of the study this population is exclusive of vacant posts. This is to prove reliability and validity of the study.

3.3.1 Sampling and sampling procedures

It has been mentioned in the population, "a sample is a special subset of the population observed for the purposes of making inferences about the nature of the total population itself" (Rubbin and Babbie, 1992:250). A sample refers to a subgroup of the population that portrays the same attributes as those of the entire population (Leedy& Ormrod, 2001). The procured also plays a crucial role in selecting the representation which is not biased. The procured will be discussed immensely below.

3.3.2 Sample size

The Raosoft Sample size calculator, a web based software, was utilized to calculate the sample size. Using a population size of 1807, a margin error of 5% was established and the confidence level was set at 95%. The expected response distribution is 50%. Therefore, the sample size of this study was 445 employees. This

therefore, means that the biasness that can be a result of a fewer sample size has been controlled.

Access to employee information was gained via PERSAL, the government Human Resources Information System. Permission has been granted to access PERSAL and conducted the study through the Epidemiological, Research and Surveillance Unit of the Eastern Cape Department of Health (ECDoH).

3.3.3 Sampling Procedure

For the purposes of the research, the probability sampling method shall be utilized. Goodwin (2002) states that there two general approached to sampling. These are probability and non-probability sampling. McBurney and White (2010) state that non-probability sampling refers to a group of techniques used by the researcher to select units from a population they are interested in studying. It is often used when procedures to select a sample from a population are much easier, quicker and affordable compared to probability sampling. Probability sampling, on the other hand, permits the researcher to apply various statistical methods. According to McBurney& White (2010) and Leedy (2001), in probability sampling all elements falling within the sampling frame are randomly selected and have an equal representation chance.

Probability sampling uses three different sampling techniques. For this study, stratified sampling was utilized. As the sample size is n=445, every 4th person was selected out of the entire population. The population utilised represents both administrative staff and health professionals and will be divided into subgroups and then randomly selected from each subgroup. The advantage of using this technique it reduces the cost of the observation in the survey; estimates of the population may be wanted for

each sub-population and increased accuracy is guaranteed. This also improves the reliability of the data.

Response rate

From the 445 questionnaires distributed to the participants. The returned usable questionnaires were 156. The response rate was 35 %.

3.4 Data Collection

The researcher used a survey method to collect data. A questionnaire consisting of a series of questions pertaining to the; psychological contract, employee commitment and employee engagement was used. Data collection as guided by the method becomes the second stage in which various tools are used which suits the method in answering the research hypothesis. Data collection has also its subsections which are as follows:

3.4.1. Research Instruments

Research instruments are useful tools for researchers for measuring variables or characteristics in a research study. It is important to note that there are a number of types of variable in the quantitative approach according to USGAO (1992) which are:

Nominal variable

The attributes of a nominal variable have no inherent order. For example, gender is a nominal variable in that being male is neither better nor worse than being female.

Ordinal variables

With an ordinal variable, the attributes are ordered. For example, observations about attitudes are often arrayed into five classifications, such as greatly dislike, moderately dislike, indifferent to, moderately like, greatly like.

Interval variables

The attributes of an interval variable are assumed to be equally spaced. For example, temperature on the Fahrenheit scale is an interval variable. The difference between a temperature of 45 degrees and 46 degrees is taken to be the same as the difference between 90 degrees and 91 degrees. However, it is not assumed that a 90-degree object has twice the temperature of a 45-degree object

Ratio variables

The characteristics of a ratio variable are assumed to have equal intervals and a true zero point. For example, age is a ratio variable because the negative age of a person or object is not meaningful and, thus, the birth of the person or the creation of the object is a true zero point. United States General Accounting Office (1992:16-18).

Surveys and or questionnaires are some of the research instruments available. For the purposes of this research, the researcher utilized a questionnaire. According to Babbie (2009) a questionnaire is a document that contains questions and other types of items designed to solicit information appropriate to analysis.

Structure of the research instrument

The survey was conducted on exploring the impact of organizational restructuring on employee psychological contract, engagement and commitment. The instrument was

administered to employees from selected hospitals in the Eastern Cape Province. Respondents were requested to express their opinions (perceptions) by means of a Likert Five point interval scale where 1 for example is 'strongly disagree' and 5 'strongly agree'. One instrument consisting of four sections was utilised in this study.

The research instrument for employees comprised of the following sections:

a) Biographical Questionnaire

A self-designed biographical and occupational questionnaire was used for sample description. This section also serves the purpose of the study, thus the questionnaires are administered to only the employed not the vacant posts as mentioned before. This is precisely for the purpose of the evaluation on the relationship between the employee and the employer in relation to the commitment of the employee over the duration that the employee has spent on that work.

b) Utrecht Work Engagement Scale (UWES)

The Utrecht Work Engagement Scale developed by Schaefuli and Bakker (2002) was used to measure work or employee engagement. The self-report questionnaire consists of three dimensions which are vigour, dedication and absorption. It is seen to be the exact opposite of burnout and uses a five-point Likert type scale ranging from 1= strongly disagree to 5 = strongly agree. This section has 17 parts to which the answers or responses vary from 0=never, 1=almost never, 2=rarely, 3=sometimes, 4=often, 5=very often and 6=always. The Likert type scale fall under the ordinal variables measurement type mentioned above.

The reliability for the research instrument as purported by Schaefuli, Martinnez, Pinto, Salanova and Bakker (2002b), indicates that the Cronbach's alpha scores of .68 and .80 for vigour and .91 for dedication and .73 and .75 for absorption. Rothmann and

Storm (2003) on the other hand found the alpha co-effecients for the three subscales to be .78 for vigour, .89 for dedication and .78 for absorption.

c) Organizational Commitment Questionnaire (OCQ)

The Organnizational Commitment Questionnaire (OCQ) developed by Meyer and Allen (1997) will measure employee commitment. It focuses on the three aspects of organizational commitment (affective commitment, continued commitment and normative commitment).   This scale consists of 18 items and is a self-scoring questionnaire. It is scored on a five-point Likert type scale ranging from 1= strongly disagree, 2=disagree, 3=either agree or disagree, 4=agree and lastly 5 = strongly agree (Meyer and Allen, 1997).

Several studies have been conducted to ascertain its reliability. Studies by Meyer and Allen (1997) have determined the Cronbach's alpha scores of the instrument to be 0.87 for the affective commitment scale, .75 for the continuance commitment scale and .79 for the normative commitment scale. Nyengane (2007) also found similar alpha ranges of .74 to 87, for affective .73 to .81 for continuance and .67 to .78 for normative scales.

d) Psychological Contract Inventory (PCI)

The Psychological Contract Inventory (PCI) developed by Rousseau in 2002 will be utilized. The instrument is based on the conceptual framework of the psychological contract and measures the features of the psychological contract. It is a self-scoring instrument that uses a 5-point Likert Scale for measurement and consists of 73 items. A shortened version will be adopted. It measures employee and employer obligations; psychological contract transitions and psychological contract fulfillment.

According to Rousseau (2000) the PCI has an alpha co-efficient of .7. This is similar to Scheepers and Shuping (2011) study that purport that the alpha co-efficient for the elements in the PCI are between .62 and .7. This section consist of 21 parts to which the responses are amongst 1= strongly disagree, 2=disagree, 3=either agree or disagree, 4=agree and lastly 5 = strongly agree. This had been formulated to answer the objectives and also fulfil the purpose of the quantitative research paradigm.

The scoring for the research instruments will be discussed in the following chapter

3.5 Data Collection Procedure

The procedure of data collection is influenced with the method and the tools to be used by the researcher. With the qualitative there are various was of gathering the data which are through interviews such as in-depth face to face interview which are individual and focus group discussions, video or telephone interviews. The researcher has chosen quantitative approach data collection will be undertaken through the use of structured questionnaires. When design has been chosen details of data collection came into play. In this again, as mentioned earlier, analysis must be considered again. The observations that might have been done in text data will be coded into numbers in a variety of ways that affect the kinds of analyses that can be performed and the interpretations that can be made of the results. Therefore, decisions about the procedure in the collection data should be influenced by the analysis options in mind (USGAO, 1992:9).

Apart from that, it is pertinent to note that the procedure also included seeking permission from the Eastern Cape Department of Health before the study can take place. Therefore, HR Managers of the respective institutions were requested to distribute the questionnaires. The anonymity and confidentiality of these

questionnaires was stressed to the HR Managers. To facilitate a high response rate, an agreement was made that the data collection period will be two weeks.

3.5.1 Data Capturing

Capturing of data also goes along with the design, method of data collection. It is of great importance to note that on the capturing data there are errors that can occur. However, there is a need to check for those errors and missing attributes. According to USGAO (1992) regardless of how carefully evaluators have collected, recorded, and transformed the data to an analysis medium, there will be errors. To curb this, the returned questionnaires were inspected to determine the level of acceptability. A total of 37 questionnaires were deemed unusable as there was missing data. This also assisted in the reliability of the data that had been gathered. Then, they were captured onto an Excel spread sheet and data coding was be done. Data was also cleaned to ensure they are no missing values. The results of the study were processed using SAS software.

The data is presented in form of pie charts, bar graphs and tables with figures to which analysis based upon and conclusions were drawn as part of the analysis in the following chapter.

3.5.2 Data Analysis

It is paramount to note that research is a systematic way of investigating a research problem. It is systematic in the sense that a particular method is applied in a certain way. Thus, the method should address the objectives, the design, the instruments and procedure which have to ultimately result in an analysis suitable for drawing the findings. This can be drawn from the principles advocated by USGAO (1992).

Quantitative data analysis deals with information expressed as numbers. In this research a quantitative approach will be used to analyse the data. De Vaus (2001) defines the quantitative data analysis as a process that involves the presenting and interpretation of numerical data. Descriptive statistics will be used to describe the data in summary form. The statistical significance of the relationships between the variables will be determined by using the Chi-square. 0.05 will be the acceptable level of statistical significance. A correlation analysis was also be carried out to test the relationship between organizational restructuring, organizational commitment, employee engagement and psychological contract. The reliability and validity of the instruments and data will also be determined at this point using the Cronbach Alpha co-efficient and exploratory factor analysis. Cronbach Alpha co-efficient must be above 0.60 for it to be acceptable and reliable.

3.6 Limitations of the study

The limitations of the study are the following:

- The research instrument to be utilized is a self-reporting tool. Therefore, it is subject to the perceptions of the population to be sampled.

- The sample comprised only selected employees working for the Eastern Cape Department of Health. Therefore, the results may not be generalized for the entire department as other hospitals affected by the restructuring process will not participate in the study.

- The two hospitals are based in Buffalo City Metro and Nkonkobe sub-district which are in a suburban and rural area respectively and presenting with

different circumstances. These different settings may have an influence on the variables to be investigated.

- The variables that the study will focus on are the psychological contract, employee engagement and organizational commitment which may be influenced by the organizational restructuring process.

- The timeframe set for the study may also influence the   outcome of the study as it must have been completed by June 2014.

3.7 Reliability and Validity

Validity is the level to which there is a considerable measure which adequately reflects or represent the concept in question. In support to this Stoecker (2005) purports that validity is considered essential as it represents what the researcher intends to explore, investigate or examine about. Further to that he went on to argue that reliability is about the consistence and the stability of the data. Concurring with Stoecker's notion on the consistence Rubin and Babbie (2001) also argue that, reliability is matter of whether a particular technique, applied to the same object would yield more or less same results. This means that reliability also goes along with the instruments used which will essentially reflect that the data, the respondents to which the data was collected form. To summarize, one would say the research reliability starts with the objectives or hypothesis which can be proven by the empirical studies. The methodology used must prove beyond doubt the truthfulness of such method and procedure in addressing the objectives. Lastly, the data gathered and presented in chapter four should convey an analysis in chapter five which should not be bias, misrepresenting and misinforming.

3.8 Ethical considerations

Ethical considerations have to be taken into account when conducting research that will involve human participants. The principles of the Helsinki Declaration and Belmont Report were also considered regarding the ethical principles of research. Both the Helsinki Declaration (1967) and Belmont Report (1979) were developed in in an effort to protect humans participating as subjects in research experiments.

The Helsinki Report was developed primarily for physicians who are engaged in medical research involving human subjects. However, others researchers who are also involved in research experiments involving humans as subjects are encouraged to adopt its principles too. On the other hand, the Belmont Report provides the primary principles underlying ethical research with human beings such as respect for persons, beneficence and justice (Helsinki Declaration, 2004; Belmont 1979). Both documents agree that respect will be given to the individual through informed consent.

Informed consent provides for voluntary participation once the research participants have been given all the necessary information. This also does not obligate the participant to continue or rather everything that has been questioned. They will also be informed that the information is sought for both academic purposes and for organizational improvement. Secondly, both reports take into account the issue of beneficence. The research participants have been made aware of the risks and benefits associated with participating in the research. The research should maximize potential benefits and minimize potential risks. Thirdly, these reports also encourage that fair procedures will be used to select research participants.

Participants in this research were given consent forms to sign indicating their willingness to participate in the research. These consent forms will also guarantee

anonymity and confidentiality. Anonymity and confidentiality is crucial in this process as this is sensitive process for the organization. Both documents also purport that the privacy of the research subjects must be protected so not as to compromise their physical, mental and social integrity.

Furthermore, the Helsinki Report states that each research study involving human subjects must describe its design and performance in the research protocol to be followed. This was taken into account prior to conducting the research as approval had to be obtained from the Eastern Cape Department of Health. The research proposal, which included the background and scope of the study, objectives/aims and the research methodology were submitted to the Directorate: Epidemiology and Surveillance Research. The research proposal was also submitted to the University of Fort Hare Research Ethics Committee for approval as the study could not commence without the necessary approval. This is according to the General Prospectus as recommended by the Research Ethics Committee, which is in line with the statutes against violation of human rights.

3.9 Conclusion

In summation, the research made use of the quantitative research paradigm and specifications have been made for such a research method. Within this the procedure has been chosen with respective to the instruments that had been chosen to suit the analysis. Ethical considerations play a pivotal rule in the field of research which the researcher has taken cognizance of. Reliability and validity of the instruments, procedure and the analysis have been proven by the next chapter which focuses on data collection or the results.

CHAPTER 4

DATA ANALYSIS AND RESULTS

4.1 Introduction

The previous chapter entailed the research methods that were employed by the researcher to collect the relevant data. This chapter presents the results from the study conducted and considers the descriptive statistics of the sample and hypothesis testing in response to the questionnaires. The results are laid out using tables, figures, statistical summaries and graph distributions formats to facilitate ease of interpretation of respondent characteristics. Results from the questionnaire were organized into their underlying traits to be consistent with the hypotheses as laid out in chapter 1 and 3.

4.2 Internal consistency

4.2.1 Utrecht work engagement scale

Table 4.1: Cronbach's Alpha for Utrecht work engagement scale

Cronbach Coefficient Alpha	
Variables	**Alpha**
Raw	0.955526
Standardized	0.955846

Table 4.1 shows the Cronbach's Alpha for the work engagement instrument. The alpha coefficient is 0.955 which is above 0.60 thus making it acceptable as a good reliability.

4.2.2 Organisational commitment questionnaire

Table 4.2: Cronbach's Alpha for Organisational commitment questionnaire

Cronbach Coefficient Alpha	
Variables	**Alpha**
Raw	0.862268
Standardized	0.863882

Table 4.2 shows the Cronbach's alpha for the instrument which was measuring organisational commitment. The coefficient alpha is 0.862 which show that the instrument is reliable to test for organisational commitment.

4.2.3 Psychological contract inventory (PCI)

Table 4.3: Cronbach's Alpha for psychological contract inventory

Cronbach Coefficient Alpha	
Variables	**Alpha**
Raw	0.855245
Standardized	0.857432

Table 4.3 shows the Cronbach's alpha for the instrument measuring psychological contract. The coefficient alpha is above 0.60. This suggests the instrument was a reliable measure of psychological contract.

4.3 Demographic Results

4.3.1 Distribution of respondents by age

Figure 4.1: Age Distribution
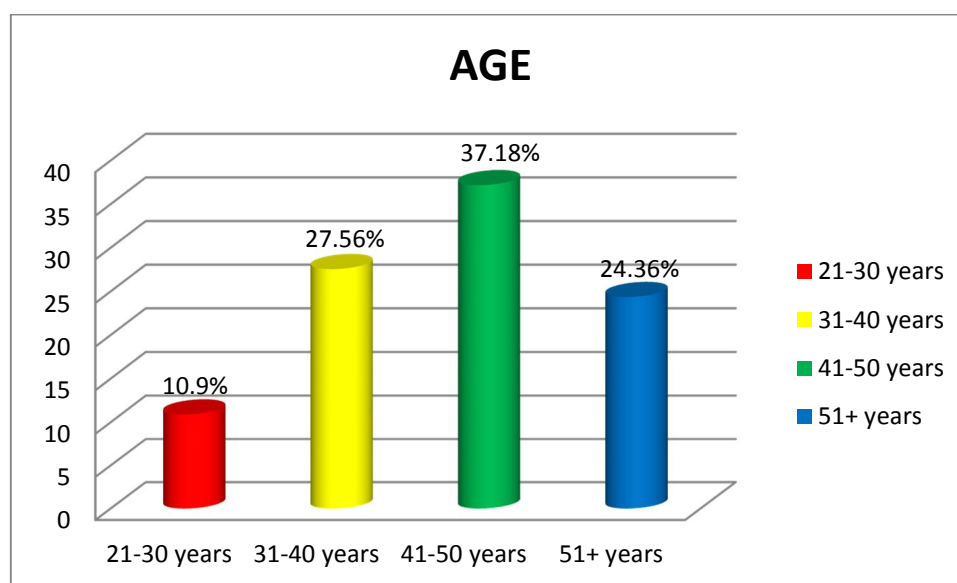
Figure 4.1 above shows the distribution of respondents in relation to their age. The majority of the respondents (37.18%, n=58) are in the age group 41-50 years, while 27.56% (n=43) are in the age group 31-40 years. Thirty eight respondents (24.36%) fall in the age category of 51+ years, and a further 10.9 % (n=17) of the respondents are in the age group of 21-30 year olds.

4.3.2 Distribution of respondents by gender

Figure 4.2: Gender Distribution
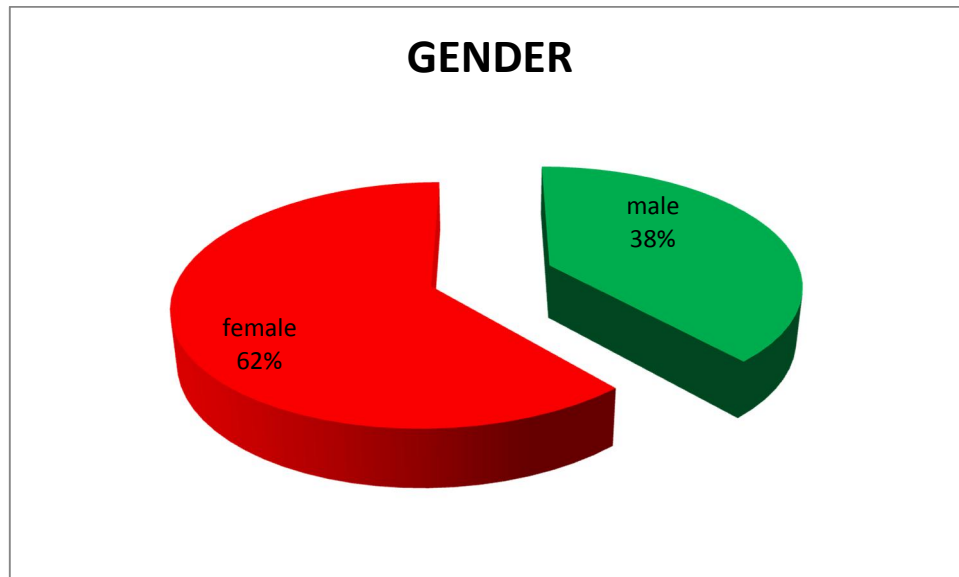
Figure 4.2 depicts the gender of respondents. The majority of the respondents (62%, n=96) were female employees, while male employees comprised 38% of the respondents (n=60).

4.3.3 Distribution of respondents by race

Figure 4.3 below illustrates that the majority of the employees, (n=102) or 65.38% were Black, while a further 14.74% (n=23) were Coloured employees. Twenty respondents (12.82%) were White and 7.05% (n=11) were Indian employees.

Figure 4.3: Race Distribution
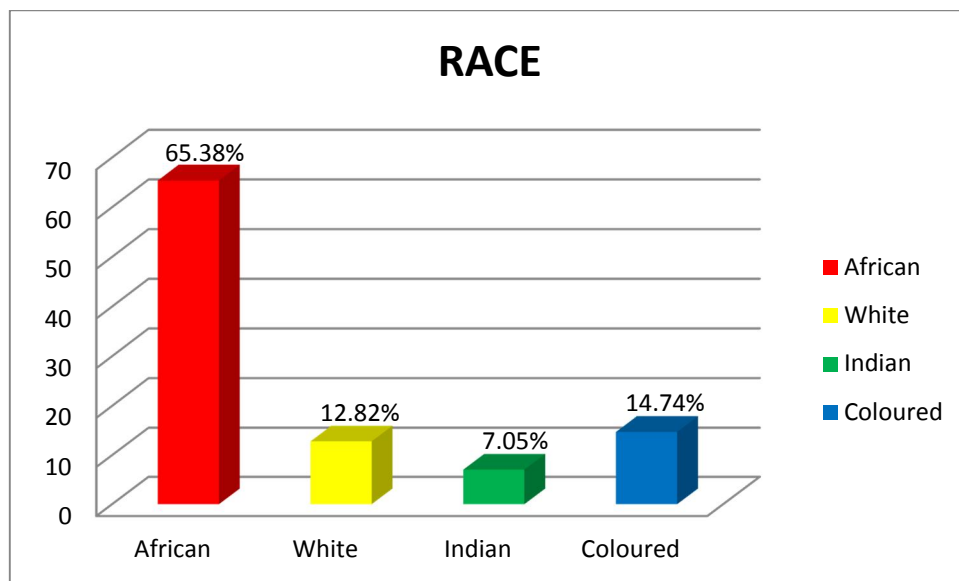
4.3.4 Distribution of respondents by marital status

Figure 4.4: Marital status Distribution
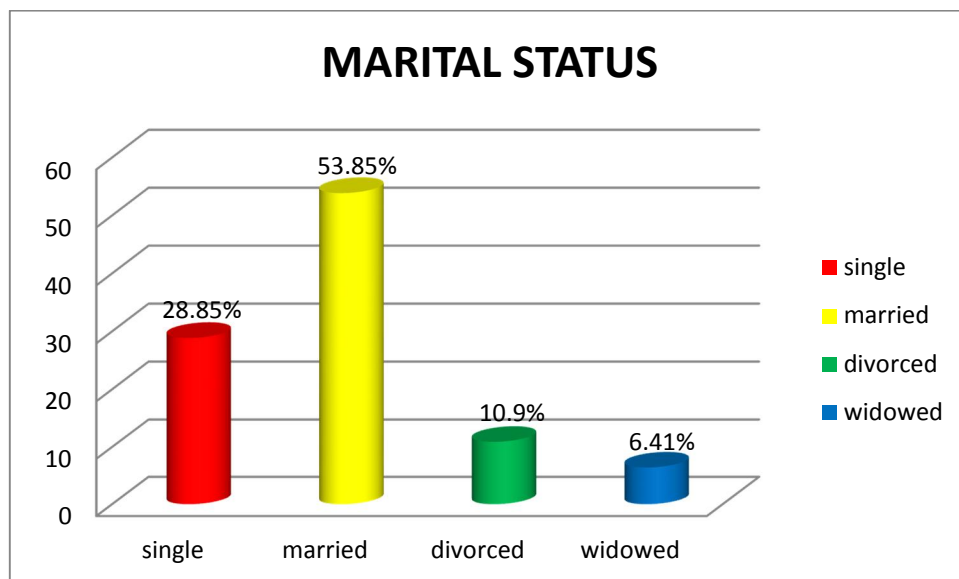
Figure 4.4 above shows that the majority of the respondents, (n=84) or 53.85% are married employees. Single respondents have 28.85% (n=45) of the total number of respondents. The second last group shows that 10.9% (n=17) of the respondents are divorced and 6.41% (n=10) of the respondents are widowed.

4.3.5 Distribution of respondents by educational qualification

Figure 4.5: Educational qualification Distribution
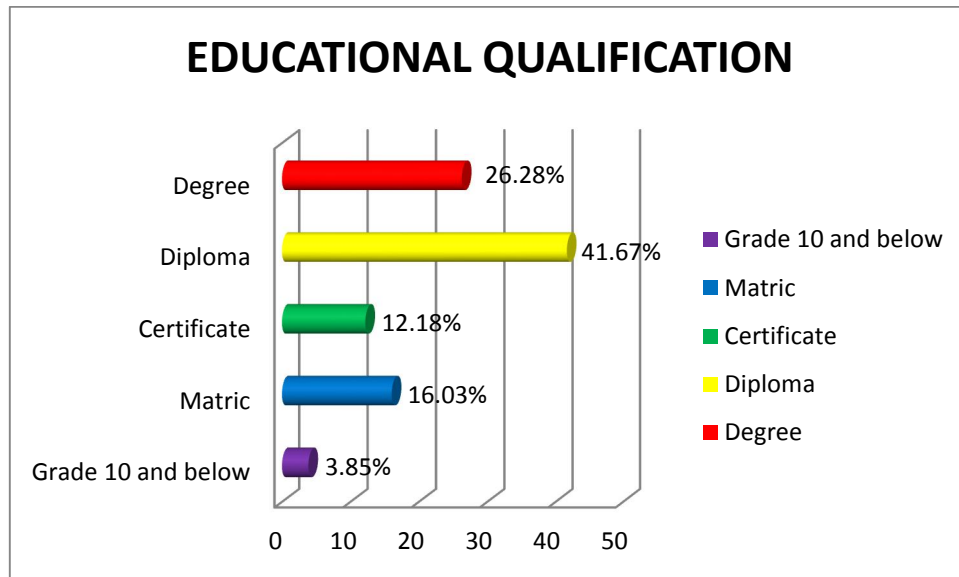
Figure 4.5 depicts the formal education qualification of the employees 41.67% (n=65) of employees were at Diploma level, 26.28% (n=41) were at Degree level, 16.03% (n=25) were at Matric level, 12.18% (n=19) were at Certificate level, while those who had Grade 10 and below qualification were constituted 3.85% (n=6) of the respondents.

4.3.6 Distribution of respondents by salary level

From figure 4.6 below most of the respondents, 48.72% (n=76) were in 9-10 salary level followed by 24.36% (n=38) of the respondents who are in the 11-12 salary level. A 20.15% of the respondents (n=32) are in the 7-8 salary level while 6.41% (n=10) are in level 13.

Figure 4.6: Salary level Distribution

SALARY LEVEL
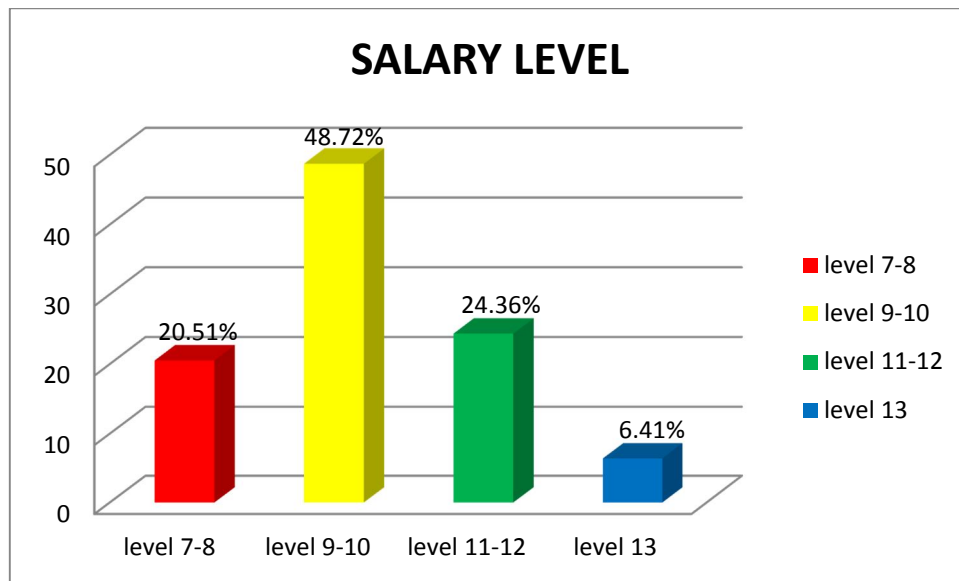
4.3.7 Distribution of respondents by tenure

Figure 4.7: Tenure Distribution

TENURE
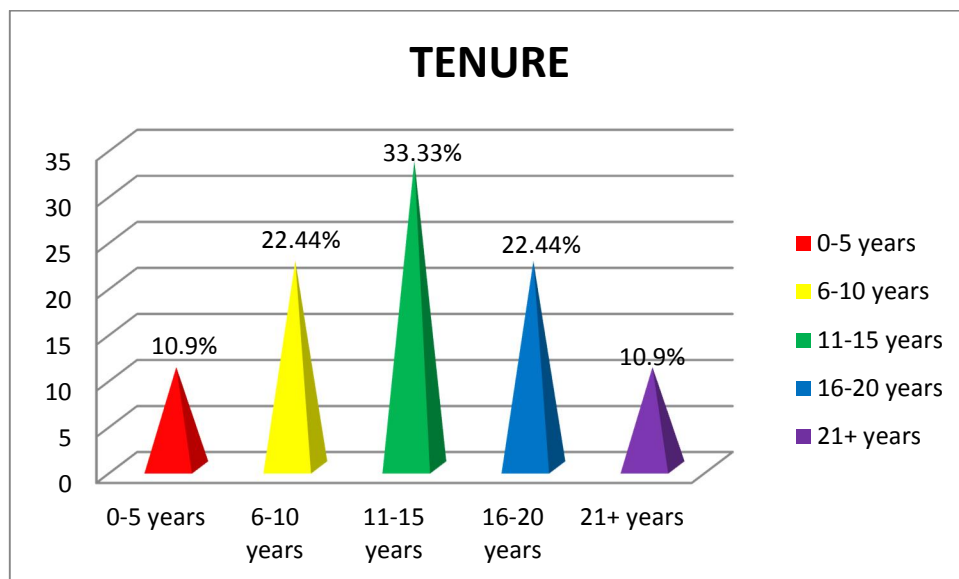
Figure 4.7 above shows that the majority of the respondents in the study have worked for 11-15years (33.33%; n=52). Employees who had 6-10 years and 16-20 years all had 22.44% (n=35) of the total number of respondents. Similarly those who had 0-5

years and 21+ years of experience all had 10.9% (n=17) of the total number of respondents.

4.3.8 Distribution of respondents by clusters

Figure 4.8: Clusters Distribution
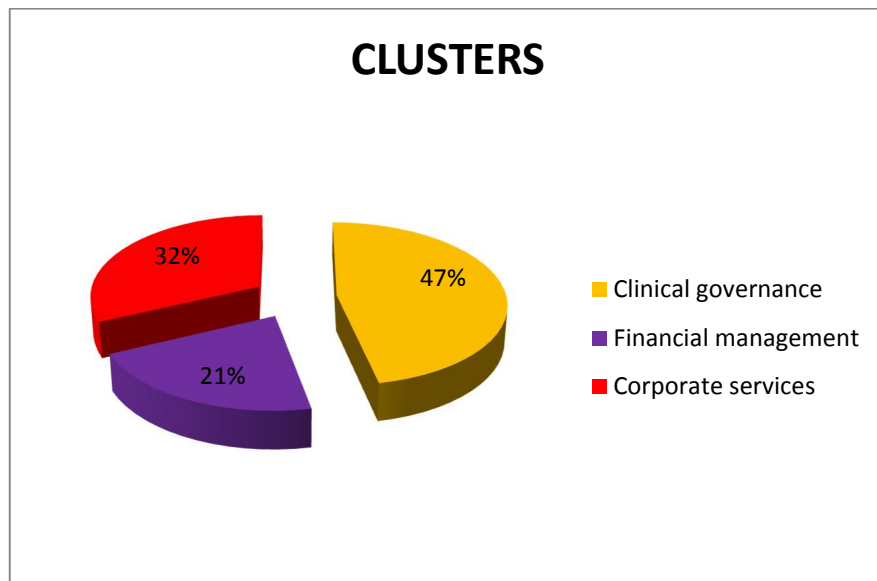
Figure 4.8 shows the distribution of respondents in terms of their clusters. The majority of the respondents (47%; n=73) are under clinical governance, 32% (n=50) are under corporate services and 21% (n=33) of the respondents are under financial management cluster.

4.3.9 Mean levels

Figure 4.9 Mean levels
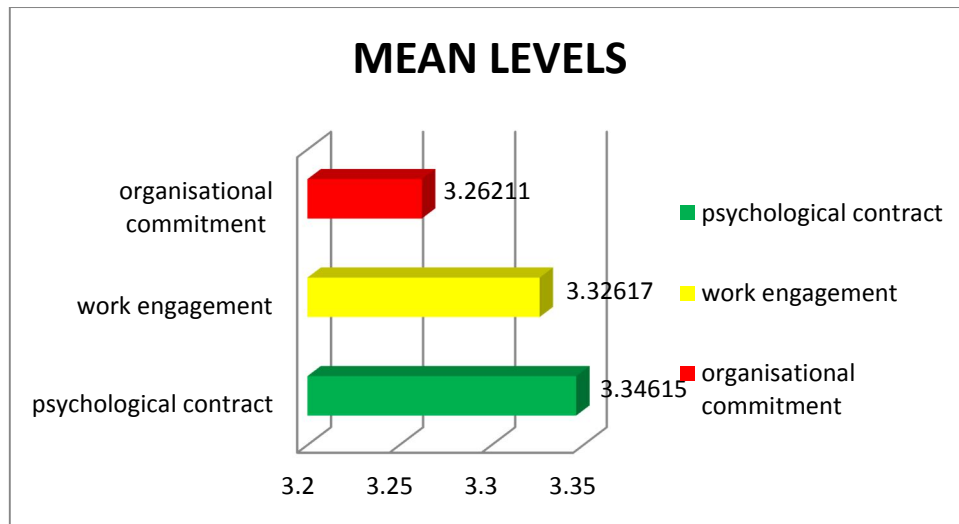
Figure 4.9 above shows the mean scores for study variables. Organisational commitment has a mean score of 3.26211, work engagement has a mean score of 3.32617 and psychological contract is 3.34615. This shows that all the mean levels of variables were high.

4.4 Inferential statistics

4.4.1 Mean gender differences

Table 4.4 T-Tests for Mean Gender Differences

VARIAB	LEVELS	n	COMPARISON BY	MEAN	t	Pr > |t|
Gender	Male	60	Work Engagement	3.3343	0.11	0.9161
	Female	96		3.3211		
	Male	60	OCQ	3.2963	0.68	0.5004
	Female	96		3.2407		
	Male	60	PCI	3.4333	1.99	0.0486**
	Female	96		3.2917		

A pooled T-Test was used due to equality of variances.

The only significant difference exists on psychological contract, where males (mean = 3.43) had a higher mean level than their female counterparts (t=1.99; Pr > |t| = 0.0486).

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4.4.2 Correlations on psychological contract, organisational commitment and job engagement for demographics

Table 4.5 Correlation between study variable and demographics

	Pearson Correlation Coefficients, N = 156 **Prob > |r| under H0: Rho=0**		
	Work engagement	**Organisational commitment**	**Psychological contract**
Age	-0.09735	0.09400	-0.12418
	0.2267	0.2431	0.1225
Gender	-0.00850	-0.05435	-0.15814
	0.9161	0.5004	0.0486
Marital status	-0.01582	0.12491	-0.07798
	0.8446	0.1203	0.3332
Race	-0.06977	-0.01013	-0.03844
	0.3868	0.9001	0.6338
Qualifications	0.15726	-0.02526	0.08366
	0.0499	0.7543	0.2991
Tenure	-0.09444	0.00748	-0.18224
	0.2409	0.9262	0.0228
Salary level	-0.06785	0.01160	-0.13191
	0.4000	0.8857	0.1007

Table 4.5 shows the correlations between demographics and the study variables which are organisational commitment, psychological contract and job engagement. Age, marital status, race and salary level did not have any significant correlation with the study variables.

In respect to gender of the respondents it had a negative correlation with psychological contract (r=-0.15814; p=0.0486), but gender did not have any correlation with organisational commitment and job engagement. Similarly tenure had a negative correlation with psychological contract (r=-0.18224; p=0.0228), but it did not have any correlation with organisational commitment and job engagement. Only educational qualification had a positive significant correlation with work engagement (r=0.15726; p=0.0499).

4.4.3 Hypothesis testing

Table 4.6 Spearman correlation of study variables

Pearson Correlation Coefficients, N = 156			
Prob > |r| under H0: Rho=0			
	Work engagement	Organisational commitment	Psychological contract
Work engagement	1.00000	0.47946 <.0001	0.52429 <.0001
Organisational commitment	0.47946 <.0001	1.00000	0.47195 <.0001
Psychological contract	0.52429 <.0001	0.47195 <.0001	1.00000

Hypothesis -1

H$_O$: There is no statistically significant relationship between psychological contract and the organisational commitment.

H$_1$: There is a statistically significant relationship between psychological contract and the organisational commitment.

The results shows that there is a significant positive correlation between psychological contract and the organisational commitment (ρ=0.47195; p=<.0001). Therefore the null hypothesis was rejected in favour of the alternative hypothesis. This means when the employee and employer psychological contract increases organisational commitment also increases.

Hypothesis- 2

H$_o$: There is no statistically significant relationship between psychological contract and employee engagement.

H$_1$: There is statistically a significant relationship between psychological contract and employee engagement.

The results shows that there is a significant positive correlation between psychological contract and the employee engagement (ρ=0.52429; p=<.0001). Therefore the null hypothesis was rejected in favour of the alternative hypothesis. This means when the employee and employer psychological contract increases employee engagement also increases.

4.5 Conclusion

The chapter focused on analysis of collected data which was personally analysed by the researcher with the help of a statistics expert. The SAS package was used to obtain the empirical inferential statistics used in this study. The Cronbach alpha coefficients for the questions measuring the different variables were computed and were found to be internally consistent, thus indicating that the three scales used in the study are reliable and valid. Empirical results which were obtained from data analysis indicated positive relationships between employee engagement, psychological contract and organisational commitment. The results indicated significant positive relationship thus leading to us accepting the alternative hypotheses in the study and rejecting the null hypotheses.

CHAPTER 5

CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The previous chapter focused on the analysis of the data which was collected from the field and the discussion of the results from descriptive and inferential statistics analysis. With special reference to the results discussed in the previous chapter, this chapter will focus on the conclusions, recommendations and also give guidance to future research directions in related studies.

5.2 Discussion of results

The study sample comprised of 156 hospital employees in Eastern Cape Province. The majority of the respondents were female employees and most of them were black Africans. The majority of the employees were of the age ranging from 41 to 50 years and most of them were married. In terms of the formal education the majority of the respondents had a diploma followed by those who had a degree. Half of the respondents were in the salary level 9-10 and most of them had 11 to 15 years' experience and worked under clinical governance.

On gender mean differences, the study shows that the only significant difference exists on psychological contract where males had a higher mean level than their female counterparts. This shows that male employees put more emphasis on reciprocal obligations between the employee and employer. This finding is consistent with the study done by Thompson & Heron (2005) who found that females score low on psychological contract than males. Therefore, it shows that men and women vary in terms of the importance they assign to various bundles of employer inducements.

Women interface with the workplace in transactional terms (short-term, supplementary relationships to central 'domestic' role); men's interface is relational (Davidson, 1997)

In respect to gender of the respondents it had a negative correlation with psychological contract (r=-0.15814; p=0.0486). The study results are in line with Lemire & Rouillard, (2005) who found evidence for a negative correlation between gender and psychological contract.

Tenure had a negative correlation with psychological contract (r=-0.18224; p=0.0228). This means that for those with low tenure or those who have just joined the organisation they are happy with their psychological contract unlike those who have been with the organisation for long. This finding is accentuated by Bal et al., (2013) who identified that psychological contract reciprocal interrelation with work outcomes are stronger for employees with low tenure.

Only educational qualification had a positive significant correlation with work engagement (r=0.15726; p=0.0499). This finding is in line with Janjhua and Dubey (2011) who found that graduate employees are found to be most engaged to the job while the employees with matriculation as the qualification are least engaged to their job. One can assume that the higher the educational qualification the more invested the employee is in that career hence they are more engaged in their field of study.

There was also is a significant positive correlation between psychological contract and the organisational commitment (ρ=0.47195; p=<.0001). This means when the employee and employer psychological contract increases organisational commitment also increases. This finding is consistent with Alcover, Martinez-Inigo, and Chambel (2012) who found that an individual's psychological contract is directly related to their commitment to their organization. Similarly, Sturges, Conway, Guest and Liefhoogde (2005) found a strong relationship between fulfilment of the psychological contract and organisational commitment. Fulfilment of the psychological contract often led to

improved job performance. In other similar studies by Laschinger, Finegan, Shamian, Casier, (2000) it was found that healthcare work environments were dramatically restructured and this has necessitated the studies on organizational trust in predicting employee level performance and organisational commitment. Their study had 412 Canadian nurse respondents. Their findings indicated that empowered nurses reported higher levels of organizational trust, which in turn resulted in higher levels of affective commitment. They concluded that organisations must foster to enhance and empower employees so as to acquire the positive results of restructuring.

Maguire, (2002) investigated the psychological contract in a restructured banking environment in Australia. He concluded that the maintenance of such contracts still makes an important contribution to organisational relationships but that organisations need to seek ways of adjusting the terms of the psychological contract to meet the needs of an increasingly mobile and protean workforce. All three types of commitment included in the study (commitment to the job, commitment to branch/department and commitment to the selected bank and its goals as a national organisation) had decreased following restructuring

From the above studies, it can be noted that psychological contracts remain an essential component of the relationship between employees and their organisations.

However, Lemire and Rouillard (2005) found a strong relationship between psychological contract violation and propensity to leave. Therefore, if an employee views their psychological contract as having been violated, there is a risk of reduced organisation commitment. This is further supported by Sinclair, Tucker, Cullen and Wright (2005) who argue that psychological contract may lead to reduced organisational commitment. This is often displayed through negative organizational citizenship and anti-social behaviours.

Most studies however on restructuring focus mostly on the element of trust which in this study was categorised under the psychological contract. However, from literature differences can be found on the effects of restructuring on the nature of the components of commitment. Maguire, (2002). However the current study did not break down the types as done by Maguire, (2002). T test results showed that significant differences in pessimism and powerlessness were found between those that had experienced restructuring and not. Employees who had gone through restructuring

were shown to be significantly more pessimistic and to have a significantly stronger sense of powerlessness than those who had not been through the restructuring process. Maguire, (2002) pessimism levels for both groups were noted to be high. Levels of sense of powerlessness were also cause for concern.

Hiltrop, (1996) also noted that organizations needed to establish new policies and practices which are aligned to business requirements, societal changes and the values and expectations of employees. The psychological contract alterations occur career entitlements decline thus in turn negatively influencing loyalty, commitment. The challenge for the health care is the need for continued delivering for quality patient car

New management concepts are associated with a reduction in the number of qualified personnel managers to communicate more effectively organisational and financial constraints, in a manner that does not 'alienate' nurses and nurse managers, by highlighting their value and acknowledging their role in delivering high quality patient care (McCabe & Sambrook, 2014)

The results shows that there is a significant positive correlation between psychological contract and the employee engagement ($\rho=0.52429$; $p=<.0001$). This means when the employee and employer psychological contract increases employee engagement also increases. This is consistent with Aggarwal et al., (2008) finding that an employee whose expectations have not been fulfilled cannot be cognitively and emotionally engaged. They further argue that psychological contract is a predictive variable of employee engagement; therefore an employee's psychological contract fulfillment antedates/predates employee engagement. Similarly, Eisenberger et al., (2004) asserts that absence of contract breach, or high contract fulfilment, creates a positive spiral in which employees reciprocate and increase the effort put in the job. Bal et al (2010) also argue that there is a positive relationship between psychological contract fulfilment and a high work engagement. This can also be attributed to an employee's

tenure with the organization. Employees with a high tenure know what to expect from the organization based on their individual contributions and this could be due to their experiences. On the other hand, Bal, Chiaburu and Jansen (2010) argue that there is a negative relationship psychological contract breach and work engagement. When an individual views breach of the psychological contract, they may disengage from the organization. However, this can be moderated by the type of relationship the employee has with the organization.

5.3 Recommendations

The study shows that psychological contract is important as it affects employee commitment and engagement. Better understanding of the manner in which individuals interpret various inducements would provide clearer prescriptions. Therefore, it is important for employers to be aware of employees' values and try their best to meet them. If psychological contracts are violated or unmet, employees will likely seek jobs that can better accommodate for their needs and values. Turnover will show an increase if values are frequently overlooked.

Organisation should work towards providing economic and social-emotional resources to employee to maintain the high levels of job engagement. By doing that employees will feel the organisation has fulfilled their psychological contract and they will reciprocate by increasing their level of engagement.

5.4 Limitations

Several limitations identified in this include the fact that the sample of the present study was rather small. Also, the study only used questionnaires as data collection instruments. It is possible that in some cases respondents wanted some clarity before

answering some questions but could obtain it. Also, a desire for social desirability may have caused some respondents to answer some questions untruthfully or to want to impress the researcher with their answers. In other words, questionnaires are susceptible to social desirability bias. Also, the use of questionnaires limits the amount of information to be obtained. Respondents only answered questions that were asked without substantiating where they felt like adding their comments.

The sample consisted of only selected employees working for the Eastern Cape Department of Health. Therefore, the results may not be generalized for the entire department as other hospitals affected by the restructuring process will not participate in the study. In addition, the two hospitals studied are under the Buffalo City Metro and Nkonkobe sub-district which are in a suburban and rural area, respectively which presents different circumstances. These different settings may have an influence on the variables to be investigated.

5.5 Areas of future study

Future research should use combined methods of data collection to strengthen and enrich the findings. The research instrument used was a questionnaire. For purposes of triangulation and in order to avoid common method variance, data collection methods other than self-administered questionnaires should be used in future research.

Also, one of the major limitations of this study was that it covered only one region and focusing on two hospitals. By extending the population to include different hospitals both private and public and also, extending samples across a wider geographical area, a more comprehensive result could be expected.

5.6 Conclusion relating to this chapter

This chapter served to discuss the results of this study, to highlight the limitations of the study and to make recommendations for future research as well provides recommendations to management to improve organisation commitment and job engagement.

5.7 Conclusions relating to the entire study

For the most part, the correlational results found in the study add to the generally high level of support for most of the relationships found in the literature. All alternative hypotheses in the study were accepted in favour of the null hypotheses. In summary, the conclusions of the study are presented below as follows:

➢ There is a significant positive correlation between psychological contract and the employee engagement. When the employee and employer psychological contract increases employee engagement also increases.

➢ There is a significant positive correlation between psychological contract and the organisational commitment ($\rho=0.47195$; $p=<.0001$). This means when the employee and employer psychological contract increases organisational commitment also increases.

➢ Significant difference exists on psychological contract where males had a higher mean level than their female counterparts.

➢ The overall results indicate that the psychological contract had no negative effect on employee engagement and organisational commitment due to restructuring.

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Dissertation submitted in partial fulfilment of the requirements of the degree

Of Magister in Business Administration in the Faculty of Management at the

Nelson Mandela Metropolitan University.

University of Fort Hare

Together in Excellence

ETHICAL CLEARANCE CERTIFICATE

Certificate Reference Number: MUR021SSTO01

Project title: **Exploring the impact of organizational restructuring on the psychological contract , employee engagement and commitment – the case of employees from selected hospitals in the Eastern Cape**

Nature of Project: Masters

Principal Researcher: Phakama Phumla Bernadette Stofile

Supervisor: Mr C Murugan

Co-supervisor: Mr CK Hlatywayo

On behalf of the University of Fort Hare's Research Ethics Committee (UREC) I hereby give ethical approval in respect of the undertakings contained in the above-mentioned project and research instrument(s). Should any other instruments be used, these require separate authorization. The Researcher may therefore commence with the research as from the date of this certificate, using the reference number indicated above.

Please note that the UREC must be informed immediately of

- Any material change in the conditions or undertakings mentioned in the document

Eastern Cape Department of Health

Enquiries	Zandile Mate	Tel No	040 608 0830
Date	14th July 2014	Fax No	043 642 1498
e-mail address:	zandile.mate@echd.ecprov.gov.za		

Dear Mrs PFS Sumbly

Re: Exploring the impact of organizational restructuring on the psychological contract, employee engagement and commitment: The case of employees from selected hospitals in the Eastern Cape Province

The Department of Health would like to inform you that your application for conducting a research on the abovementioned topic has been approved based on the following conditions:

1. During your study, you will follow the submitted protocol with ethical approval and can only deviate from it after having a written approval from the Department of Health in writing.

2. You are advised to ensure, observe and respect the rights and culture of your research participants and maintain confidentiality of their identities and shall remove or not collect any information which can be used to link the participants.

3. The Department of Health expects you to provide a progress on your study every 3 months (from date you received this letter) in writing.

4. At the end of your study, you will be expected to send a full written report with your findings and implementable recommendations to the Epidemiological Research & Surveillance Management. You may be invited to the department to come and present your research findings with your implementable recommendations.

5. Your results on the Eastern Cape will not be presented anywhere unless you have shared them with the Department of Health as indicated above.

Your compliance in this regard will be highly appreciated.

DEPUTY DIRECTOR: EPIDEMIOLOGICAL RESEARCH & SURVEILLANCE MANAGEMENT

I am a Masters student in the department of Industrial Psychology, Faculty of Management and Commerce at the University of Fort Hare. As part of the requirements for completion of my studies, I am conducting a study on "**Exploring the impact of organizational restructuring on employee psychological contract, engagement and commitment**". It would be greatly if you could complete the following question as honestly as possible. All the information collected from this questionnaire will be used for academic purposes only. At no point will the results be associated with your name. The information will be kept confidential.

SECTION A: BIOGRAPHICAL INFORMATION

Mark with an **X** in the appropriate box

1.AGE

21-30		31-40		41-50		51+	

2. Gender

Male		Female	

3. Race

African		White		Indian		Coloured	

4. Marital status

Single		Married		Divorced		Widowed	

5. Highest Qualification

Grade 10 and below		Matric	certificate		diploma		degree		other specify	

6. What is your salary level in the organization:

5-6		7-8		9-10		11-12		13	

7. Years of experience in the organization:

0-5 years		6-10 years		11-15 years		16-20 years		21 years +	

8. Which cluster do you belong to?

Clinical Governance		Financial Management		Corporate Services	

SECTION B: UTRECHT WORK ENGAGEMENT SCALE

The following 17 statements are about how you feel at work. Please read each statement carefully and decide if you ever feel this way about your job. If you have never had this feeling, cross the '0' (zero) in the space next to the statement. If you have had this feeling, indicate how often you feel it by crossing the number (from 1 to 6) that best describes how frequently you feel that way.

Mark with an **X** in the appropriate box

	Never 0	Never Almost 1 A few times a year	Rarely 2 Once a month or less	Sometimes 3 A few times a month	Often 4 Once a week	Very often 5 A few times a	Always 6 Everyday
1. At my work I feel bursting with energy.							
2. I find the work that I do full of meaning and purpose							
3. Time flies when I'm working							
4. At my job, I feel strong and vigorous.							
5. I am enthusiastic about my job.							
6. When I am working, I forget everything else around me.							
7. My job inspires me.							
8. When I get up in the morning, I feel like going to work.							
9. I feel happy when I am working intensely.							
10. I am proud of the work that I do.							
11. I am immersed in my work.							
12. I can continue working for very long periods at a time.							
13. To me, my job is challenging.							
14. I get carried away when I'm working.							
15. At my job, I am very resilient, mentally							
16. It is difficult to detach myself from my job.							
17. At my work I always persevere, even when thing do not go well.							

SECTION C: UTRECHT WORK ENGAGEMENT SCALE: ORGANIZATIONAL COMMITMENT QUESTIONNAIRE (OCQ)

The following statements concern how you feel about the department where you work. Please indicate the extent of your agreement or disagreement with each statement by circling a number from 1 to 5.

Mark with an **X** in the appropriate box

	Strongly Disagree 1	Disagree 2	Neither Agree nor disagree	Agree 4	Strongly Agree 5
1. I would be very happy to spend the rest of my career in this organization.					
2. I really feel as if this organization's problems are my own.					
3. I do not feel like part of the family in my organization.					
4. I do not feel emotionally attached to this organization.					
5. This organization has a great deal of personal meaning to me.					
6. I do not feel a great sense of belonging to my organization.					
7. It would be very hard right now to leave my organization, even if I wanted to.					
8. Too much of my life would be disrupted if I decided to leave my organization right now.					
9. Right now, staying with my organization is a matter of necessity as much as desire.					
10. I feel that I have too few options to consider leaving this organization.					
11.One of the few negatives of leaving this organization would the scarcity of available alternatives					
12. One of the few reasons I continue to work for this organization is that leaving would require considerable personal sacrifice; another organization may not match the overall benefits I have here.					
13. I do not feel any obligation not remain with my current employer.					
14. Even if it were to my advantage, I do not feel it would be right to leave my organization right now.					
15. I would feel guilty if I left my organization now.					
16. This organization deserves my loyalty.					
17. I would not leave my organization right now because I have a sense of loyalty to the people in it.					
18. I owe a great deal to my organization.					

SECTION D: PSYCHOLOGICAL CONTRACT INVENTORY (PCI)

Mark with an **X** in the appropriate box

	Strongly Disagree 1	Disagree 2	Neither Agree nor disagree 3	Agree 4	Strongly Agree 5
1. Quit whenever I want.					
2. Make personal sacrifices for this organization.					
3. Perform only required tasks.					
4. Accept increasingly challenging performance standards.					
5.Respond positively to dynamic performance my value to this employer					
6.Seek out developmental opportunities that enhance					
7.Build contracts out this firm that enhance my career potential					
8.Seek out assignments that enhance my employability elsewhere					
9.Remain with this organization indefinitely					
10.A job as long as this company needs me					
11.Concern for my personal welfare					
12.Limited involvement in the organization					
13.Support me to attain the highest possible levels of performance					
14.Opportunities for career development within this firm					
15..Help me develop externally marketable skills					
16..Secure employment					
17..Acts as if it doesn't trust its employees					
18. Overall, how well have you fulfilled your commitment to the employer?					
19. Overall, how well has the employer fulfilled their commitments to you?					
20. In general, how well has the employer lived up to your expectations?					
21. In general, how well have you lived up to employer's expectations?					

Thank you for your time